

Minutes
Personnel Policy Board
August 29, 2014
7:30 a.m.

Members Present: Ted Smith, Chair; Hon. Gail Hagerty, Vice Chair; Susan Hoffer; Petra Mandigo Hulm; Hon. Lisa Fair McEvers; Ross Munns; and Rod Olson

Members Absent: Hon. James Hovey

Others Present: Sally Holewa, Ex Officio
Amy Klein, Staff
Scott Johnson, Assistant State Court Administrator
Carolyn Probst, Court Administrator Unit 4
Don Wolf, Director of Finance
Donna Wunderlich, Court Administrator Unit 3
Renee Barnaby, Minutes

Chair Smith called the special meeting to order at 7:30 a.m. The purpose of the meeting was to review the oil patch add-on request. Chair Smith thanked the members for their extra work in gathering the information.

Chair Smith recalled at the last meeting, the Board asked for more information concerning the cost of living add-on request. He said section one of the packet contains the general background information and comparisons; section two contains the proposals that were discussed at the last meeting; section three provides what the other agencies are doing; and section four includes new options to consider.

Chair Smith said Judge Hovey was unable to attend the meeting and read aloud a letter written by Judge Hovey as follows: The answer needs to come from the legislature. We cannot function with patches to problems that are becoming systematic. The big picture is that we are competing for quality employees with the oil industry. It will eventually affect all employees from deputy clerks to judges. There needs to be an increase in pay across the board for the entire judicial system, not just clerks. I am sympathetic with those trying to hire at this time. One can make as much as a clerk being an assistant manager at McDonald's with much less stress than the clerk's office. I favor across-the-board increases in pay only because costs of living effects everyone, even those who already own their own homes or have children who have grown. I am not sure I would include Bismarck as their cost of living is not much higher than the average in the North Dakota Department of Transportation study but Dickinson, Williston, and Minot surely need the increase.

Judge Hagerty stated she is in favor of the recommendation for starting employees at the higher level. She said she is concerned with the proposal on rental assistance because it should not be

differentiated between whether somebody is married or has children.

Rod Olson and Petra Hulm both stated they like the idea of the rental assistance, but did not yet have enough information to justify a cost of living increase. Ms. Hulm said she is uncomfortable with the suggestion of collapsing the first six pay grades yet this biennium.

Ross Munns stated he agreed with Judge Hovey that this needs to be looked at across the board in the next legislative session. He said in the meantime, Ms. Holewa's recommendation may be a short-term solution especially for those in the oil patch areas. Rather than going with the rental assistance, Mr. Munns stated he prefers instead to make adjustments to the pay so people can take that additional money and apply it as they choose.

In response to a question from Justice McEvers asking if there was a pool of money designed for they types of issues, Sally Holewa replied there is a market adjustment fund that was received as part of the pay package for this biennium. A legislative study was done and a market adjustment was given for those positions that are found to be below market. Since we were not part of the legislative study, we are to designate within our agency if we have a position below market.

In response to a question asking if Ms. Holewa's analysis also included those in the higher pay grades, she responded the positions in the higher pay grades have not been considered because we have not had difficulty in recruiting.

Justice McEvers suggested consideration be given to using some of the market adjustment funds we have been given or we will lose them. She said she agrees that there are problems in the west, but there are problems everywhere. The oil patch is affecting everyone's hiring all across the state. She noted she has concerns about compressing pay grades. She said she is in favor of Ms. Holewa's proposal but would like it to be broader.

Susan Hoffer said she spoke with several employees and is in favor of the add-on policy because in the region impacted by the oil boom, the workload, stress level, and resources currently in the office are not meeting the needs. Some people are working two jobs and are not balancing the pay check at the end of the month. She said she is in favor of Ms. Holewa's recommendation to collapse the lower end of the pay grades. She believes part of the reason we do not have a lot of turnover is because we have an awesome environment in which to work in the court system.

Hiring Exception

It was noted that Ms. Holewa's proposal would bring pay grades 1 through 6 up to market. It would be applied to all current employees, not just new hires.

It was moved by Rod Olson, seconded by Justice McEvers, to accept Ms. Holewa's hiring exception for pay grades 1 through 6.

In response to a question asking how many employees it will affect immediately, it was estimated

about one dozen people.

Mr. Olson and Judge Hagerty agreed no matter where you live in the state, most people in the deputy clerk I positions are working two jobs because they cannot survive on the salary.

In response to a question for Ms. Hoffer asking if the hiring exception is temporary, Ms. Holewa responded as with the other supplements, it would be a permanent adjustment that would be built into the base budget as part of compensation. At any point when the underlying factors change, the court could come back and revisit it. She recalled the first supplement is for IT personnel who advance faster through the step system, the second supplement is for the underfill of court reporters, and this new proposed supplement would be for a hiring exception.

In response to a question asking what percentage of the funds would be spent on a market adjustment, Don Wolf responded approximately 20%. Ms. Holewa added while it is one-time funding, other factors have to be considered. If we start to adjust specific classifications, it puts the whole point factor and pay grade classification system in jeopardy.

Ms. Hulm stated while she is not opposed to a market adjustment, she struggles with the concept that we are having trouble hiring. She said the supreme court clerk's office has hired multiple people over the last couple of years, and they always have qualified applicants in accordance with the job classification. On the other hand, Judge Hagerty said they are not receiving the same quality of applicants and are spending a lot of time and money on training. Odyssey requires so much training on the part of the clerks. They have to do so much so quickly and make more decisions than just putting a piece of paper in the file and clipping it. She suggested perhaps it is time to evaluate their job description.

The motion carried and will be forwarded to the Supreme Court for consideration.

Rental Assistance Policy

Judge Hagerty questioned the language under section C. She said it should not be differentiated between whether someone is married or has children. Don Wolf noted the language used in section C is the language used by OMB and suggested it may be best not to change it.

Ms. Holewa said in looking at the Department of Transportation study, the majority of the increase in cost of living is due to the cost of housing, which is specifically why she wanted to go with rental assistance rather than across-the-board pay increases. She said the draft policy is a combination of OMB, Department of Transportation, and Game and Fish policies.

It was moved by Rod Olson, seconded by Judge Hagerty, to approve the rental assistance policy.

In response to a question asking why the policy applies to the metropolitan and immediately adjacent areas of Dickinson, Williston and Watford City, Ms. Holewa responded she specifically chose those areas because that is where we have had people turn down jobs because of the rent. She said Minot was not included on the list because according to Ms. Wunderlich's chart, the rent was not as high as the other cities chosen. Ms. Wunderlich said she searched apartmentfinder.com and trulia.com and found the rates in Williston were much higher than what showed in the Department of Transportation report. She said Minot did not change.

Ms. Hoffer suggested perhaps the reason that the Minot numbers were off in 2012 was because they were coming off of the flood. They lost 4,000 homes and nothing was being built. She said in the last two years, they have had a substantial increase in development and new units available so it could be balancing back out. Ms. Holewa noted that Bismarck too is projected to add 900 new apartment units by the end of the year.

In response to a question asking what happens when an employee rents something that is more expensive than they would have because there is assistance, Ms. Holewa drew attention to section 3 of the rental assistant policy. It says in the event that an employee chooses to lease a rental unit that is bigger than the guidelines allow, the rental assistance will be provided at the level consistent with the rental unit size designated for the employee's household size.

Ms. Hoffer suggested building something into the policy similar to the exception to the per diem policy for hotels where an employee shows attempts were made at three hotels. Ms. Klein referred the Board to OMB's rental application form. The applicant has a checkbox to select if they are unable to find clean, safe, affording housing, and they have to provide documentation to show where/whom they have contacted illustrating the rental rates/terms for each.

In response to a question asking if the policy is temporary, Ms. Holewa responded she had no objection to the policy being temporary for the rest of this biennium and next biennium.

Ms. Probst suggested including Minot and Bismarck in the policy as they are both considered part of the boom in the oil patch. Ms. Holewa responded the data does not show that recruitment is an issue in those areas as far as housing. We do not have people turning down positions in those areas because housing is too expensive.

Ms. Probst noted she did not start this process solely because of recruitment. It was a combination of recruitment/retention, performance, mental health, etc. Rent is just one expense and if that is where we are going to provide some assistance, that is just one tiny part of someone's cost of living. She said studies show that everything is increasing including in Bismarck and Minot so rent is just what was chosen to be the most justifiable way to assist but there are still other costs.

Ms. Holewa responded she went back and reviewed what made up that cost of living index. The vast majority of what pushed that index over 100 for all of these areas was the cost of housing.

We do not pay for stress and we do not pay for labor shortage because if we did, we would be paying everybody. Fargo and Bismarck went years and years being six people short and they did not get any stress pay.

Mr. Olson called the question.

The motion carried with one voting against. The policy will be sent to the Supreme Court as an emergency measure because of the budgetary timelines.

Ms. Hoffer explained she is in favor of the rental assistance policy but voted against it based on the locations chosen.

Pay Differentials

Ms. Holewa said she believes it is too much to hope that the legislature is going to address this as overall employee compensation. A Hay Study was done for the executive branch, and they are in the process of bringing the employees up to 75% of the pay scale recommended.

Ms. Hoffer referred the Board to the Department of Transportation composite index. It documents all cities over the eight city average at 100. Dickinson came in at 105, Williston and Minot at 104, and Bismarck at 102.5.

It was moved by Susan Hoffer to pay \$100 per point over the eight city average to the locations of Dickinson, Williston, Minot, and Bismarck for retention and recruitment. Dickinson employees would receive a potential add-on of \$500, Williston and Minot \$400, and Bismarck \$200.

The motion died for a lack of a second.

Ms. Holewa said it has been over 10 years since the last full evaluation of our classification system and suggested some of the market adjustment funds could be used to perform a new study if it could be done yet this biennium. It was the consensus of the Board to add it to the agenda for the October meeting for discussion.

It was moved by Rod Olson to adjourn the meeting. The motion carried. The meeting adjourned at 8:30 a.m.